

Message Text

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11

ACTION NEA-09

INFO OCT-01 ISO-00 FEA-01 AEC-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-03 SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01 PRS-01

USIA-06 /089 W

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R 291610Z JAN 75

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 2615

INFO AMEMBASSY AMMAN

AMEMBASSY DAMASCUS

AMEMBASSY JIDDA

AMCONSUL DHAHRAN

C O N F I D E N T I A L BEIRUT 1360

E.O. 11652: GDS

TAGS: ENRG, ETRN, JO, LE, SA

SUBJECT: TAPLINE'S PROBLEMS IN JORDAN AND LEBANON

REF: AMMAN 140, 303, 619; BEIRUT 155, 639

1. DURING PERIODIC REVIEW WITH DAVID DODGE, TAPLINE BEIRUT GOVT. RELATIONS MANAGER, JORDAN PROBLEM CAME UP AND DODGE EXPRESSED DESIRE THAT USG ELEMENTS NOT RPT NOT DISCUSS PROBLEM WITH SAUDIS OR OTHER GOVERNMENTS WITHOUT CONSULTING TAPLINE FIRST. EMBOFF AGREED PASS PRECAUTIONARY WORD.

2. TAKING UP POINTS MENTIONED PARA 4, AMMAN 619, EMBOFF WONDERED IF FACT THAT TAPLINE HAD NOT RPT NOT YET PAID SAUDI ROYALTIES AND TAXES DUE ON OIL SUPPLIED JORDAN AND LEBANON WITHOUT PAYMENT MEANT THAT SAUDIS MIGHT RESOLVE THESE PROBLEMS BY QUIETLY FORGETTING ABOUT THESE
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LEVIES . (SINCE SAUDI LEVIES REPRESENT 90-95 PER CENT

TAPLINE'S TAX-PAID COST THIS WOULD HAVE BEEN SMOOTHEST SOLUTION.) UNFORTUNATELY, DODGE SAID THAT SAUDIS RECENTLY "CLAIMED" FULL TAXES DUE UNDER EXISTING AGREEMENTS, I.E., POSTED PRICE LESS 22 CENTS PER BARREL FOR JORDAN AND FULL POSTED PRICE FOR LEBANON. HE SAID ARAMCO "DISPUTING" TAX CLAIM AND DISCUSSING IT WITH SAUDIS. ASKED ABOUT "COMPANY TAX OF \$4.50 PER BARREL" AMMAN REFTTEL, DODGE SAID THIS IS AVERAGE OF 1972-74 TAXES DUE, CURRENT TAX OF COURSE MUCH HIGHER.

3. ON OTHER POINTS DODGE: CONCURRED IN EMBOFF'S ESTIMATE THAT LEBANON DEBT TO TAPLINE FOR SEQUESTERED CRUDE THROUGH 1974 IN REGION OF \$50 MILLION ON TAXPAID COST (NOT POSTED PRICE) BASIS, SAID GOL-TAPLINE STALEMATED THIS MATTER SINCE LAST FORMAL NEGOTIATION APRIL 10, 1974, EXPRESSED BELIEF THAT OVERALL ARAMCO-SAUDI SETTLEMENT WOULD PERMIT SETTLEMENT LEBANON DISPUTE AND SAID HEADQUARTERS HANDLING THESE MATTERS IS ARAMCO NEW YORK OFFICE. TAPLINE STILL 100 PER CENT AMERICAN-OWNED, HE THINKS.

4. ON TAPLINE THROUGHPUT SINCE JANUARY 1 PRICE ADJUSTMENTS ELSEWHERE (BEIRUT REFTELS), DODGE SAID ONLY THE ONE SMALL TANKER LOADED THIS YEAR AND NONE NOW NOMINATED. TAPLINE CONTINUES PUMPING 50-55,000 BPD, OF WHICH ROUGHLY 40,000 SUPPLYING JORDAN AND LEBANON REFINERIES, BUT THIS SITUATION ALONE POSES NO THREAT TO REFINERY SUPPLIES. (HE NOTED THAT JORDAN STORAGE THEORETICALLY WOULD BE EMPTY FEBRUARY 13 DUE PRESSURE PROBLEM.) COMMENT: EARLY JORDAN SETTLEMENT MIGHT RESURRECT LEBANON PROBLEM "PREMATURELY", I.E., BEFORE OVERALL ARAMCO-SAUDI TAKEOVER AGREEMENT REACHED. IF CIRCUMSTANCES FORCE TAPLINE SETTLE JORDAN CRUDE DEBT ON TERMS FAVORABLE TO JORDAN, CAN BE ASSUMED LEBANESE WOULD SETTLE FOR NOTHING LESS REGARDING THEIR MUCH LARGER BILL. WOULD THEREFORE APPRECIATE CONTINUED REPORTING JORDAN SITUATION. GODLEY

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM RESERVES, PETROLEUM PIPELINES, PRICES, ROYALTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 29 JAN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BEIRUT01360
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750033-0916
From: BEIRUT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750112/aaaaakar.tel
Line Count: 97
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 AMMAN 140, 75 303, 75 619, 75 BEIRUT 155, 75 639
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 12 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 AUG 2003 by WorrelSW>; APPROVED <01 DEC 2003 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: TAPLINE'S PROBLEMS IN JORDAN AND LEBANON
TAGS: ENRG, ETRN, JO, LE, SA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006